

GUIDELINES: 2001-02 ENROLLMENT GROWTH AND RETENTION PROGRAM

ACTION
Agenda Item G-2
February 5, 2001

Recommendation

The staff recommends that the council approve the following 2001-02 Enrollment Growth and Retention Program Guidelines.

Background

House Bill 502, the executive branch budget bill for the 2000-02 biennium, directs the council to establish criteria for distribution of the fiscal year 2002 funds for the Enrollment Growth and Retention Program. The 2000-02 Trust Funds Guidelines state that the distribution of the fiscal year 2002 funds will be based on institutions' meeting fall 2001 enrollment and retention goals.

The council, in conjunction with the institutions, established enrollment and retention targets to be used in measuring progress toward increased educational access and attainment. These goals reflect the *1999-2004 Action Agenda* and House Bill 1 initiative to reach national averages in educational attainment by 2020. The recommended distribution methodology supplements the benchmark funding as it is based on projected enrollments.

The council requested \$16 million in funding for the Enrollment Growth and Retention Program for fiscal year 2002 as part of the 2000-02 budget recommendation. Through HB 502, the General Assembly instead funded \$8 million for each year of the biennium. The funding for this program is provided through three separate trust funds. Allocations from the three trust funds for enrollment growth and retention can go only to eligible institutions – there may be no redistribution among trust funds. The program funds and eligible institutions by trust fund follow:

	Program <u>Funds</u>
Research Challenge Trust Fund: UK, LCC, and UofL	\$1,650,000
Regional University Excellence Trust Fund: EKU, KSU, MoSU, MuSU, NKU, WKU	2,850,000
Postsecondary Workforce Development Trust Fund: KCTCS	<u>3,500,000</u>
Total Enrollment Growth and Retention Program funds	<u>\$8,000,000</u>

The first-year funds were allocated as nonrecurring by the General Assembly based on projected headcount enrollments and estimated state appropriations without regard to actual enrollments or retention rates. The fiscal year 2002 funds are recurring and may be added to the institutions' base General Fund appropriations as part of the council's 2002-04 operating budget recommendation.

The council staff developed three distribution alternatives for the fiscal year 2002 Enrollment Growth and Retention Program. The Finance Committee and the Academic Affairs Committee discussed these options at their January 16 meetings. The institutions' presidents, chief budget officers, and chief academic officers also have discussed these alternatives.

To encourage cooperation and avoid unnecessary competition for the same students, the Academic Affairs Committee discussed rewarding institutions, at least in part, for systemwide—not individual—performance to increase the overall number of college-going Kentuckians. The council staff supports doing this. But, the institutions have been operating under the 2000-02 Trust Funds Guidelines, approved by the council July 17, 2000, which state that the distribution of the fiscal year 2002 funds will be based on each institution's meeting fall 2001 enrollment and retention goals. The staff will develop a 2002-04 budget proposal that provides incentives for each institution and also rewards collective performance.

The presidents expressed their support of the recommended distribution method at their January 3 meeting. They said the program funds enable the institutions to improve recruiting and retention efforts, but the results may not be immediately apparent. The recommended distribution guidelines allocate the program funds to the institutions in advance of known fall 2001 enrollments and retention rates so that they may continue their expanded recruitment and retention efforts. These guidelines are based on established fall 2001 enrollment and retention goals. The allocations may be recurring depending on whether an institution meets its retention goal or increases enrollment or does both. Any unearned funds would revert to the trust funds and be distributed as part of the 2002-04 Enrollment Growth and Retention Program.

2001-02 Enrollment Growth and Retention Program Guidelines

Introduction

Kentucky wants to reach the national averages for college going and percentage of adults with degrees. The 2000-02 Enrollment Growth and Retention Program was created to promote these goals. The funding for this program is provided through three separate trust funds.

House Bill 502 directed the distribution of the \$8 million in program funds for fiscal year 2001 and directed the council to develop the distribution method for fiscal year 2002. The *1999-2004 Action Agenda* established enrollment and retention goals for each institution. The council was guided by the following principles in developing the distribution guidelines.

- The Enrollment Growth and Retention Program should supplement benchmark funding.
- Funds appropriated to the program should provide incentives to the institutions to reach their enrollment and retention goals.

A. General Guidelines

- Allocations from the three trust funds for enrollment growth and retention will go to eligible institutions only – there may be no redistribution among trust funds:

Research Challenge Trust Fund: UK, LCC, and UofL	\$1,650,000
Regional University Excellence Trust Fund: EKU, KSU, MoSU, MuSU, NKU, WKU	2,850,000
Postsecondary Workforce Development Trust Fund: KCTCS	<u>3,500,000</u>
Total Enrollment Growth and Retention Program	\$8,000,000
- The established enrollment goals are published in the 2000-02 Trust Fund Guidelines (See Appendix A). EKU, KSU, MoSU, MuSU, NKU, and WKU will be measured by growth in undergraduate enrollment, UK by increases in undergraduate and graduate and professional enrollment, UofL by growth in graduate and professional enrollment, and KCTCS and LCC by increases in headcount students enrolled in college credit courses. Enrollment growth will be measured by the increase in students from fall 1998 to fall 2001.
- Retention is measured by the number of first-time freshmen (full-time and part-time undergraduate students) who return a year later (fall semester to fall semester). The fall 2001 retention rates will be compared to the established goals as published in the 2000-02 Trust Fund Guidelines.

B. Distribution Guidelines: Advance Program Funds Based on Goals

- Each trust fund will have separate, equal pools for enrollment and retention.

- The retention pool will be distributed among the institutions based on fall 2001 undergraduate headcount enrollment goals.

- The enrollment growth funds will be allocated to the institutions based on projected enrollment growth (fall 2001 enrollment goals less fall 1998 actual enrollment) and the calculated state support amount per FTE for each institution. The resulting distribution will be limited to the amount of available funds.
- The funds will be distributed to the institutions quarterly.
- The allocated retention funds will become recurring if an institution achieves its fall 2001 retention goals.
- The allocated enrollment funds will become recurring to the extent that an institution achieves its fall 2001 enrollment goals. The advance allocations are presented in Appendix B.
- Any unearned recurring fiscal year 2002 enrollment growth and retention funds will revert to the trust funds to be used as part of the 2002-04 Enrollment Growth and Retention Program.

Kentucky Postsecondary Education

2000-02 TRUST FUNDS GUIDELINES:

Research Challenge Trust Fund

Regional Excellence Trust Fund

Postsecondary Workforce Development Trust Fund

Technology Initiatives Trust Fund

Physical Facilities Trust Fund

July 17, 2000

2000-02 ENROLLMENT GROWTH AND RETENTION PROGRAM GUIDELINES

Introduction

The Enrollment Growth and Retention Program supports increased enrollment and retention in Kentucky's postsecondary education institutions. The Council, in conjunction with the institutions, established enrollment and retention targets that will be used in measuring progress toward increased educational access and attainment. These goals reflect the *1999-2004 Action Agenda* and House Bill 1 initiatives to reach national averages in educational attainment by 2020. Additionally, the program should target underserved areas.

The 2000-02 Appropriations Bill allocates the \$8 million Enrollment Growth and Retention Program funds for 2000-01:

Research Universities

University of Kentucky	\$950,000
Lexington Community College	250,000
University of Louisville	450,000
Total	\$1,650,000

Comprehensive Universities

Eastern Kentucky University	850,000
Kentucky State University	400,000
Morehead State University	350,000
Murray State University	200,000
Northern Kentucky University	350,000
Western Kentucky University	700,000
Total	\$2,850,000

Kentucky Community and Technical College System Total	\$3,500,000
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System Total	\$8,000,000
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The 2001-02 appropriation is not allocated at this time.

Biennial enrollment and retention goals were established for each institution as part of the *1999-2004 Action Agenda*.

- For 2000-01, institutions will be measured by whether or not they meet the fall 2000 goals.
- Because of the 2000-01 legislative appropriation, the enrollment and retention schedules now include objectives for each year of the biennium. The first year objectives are interpolations.

A. Uses of Enrollment Growth and Retention Program Funds

1. There are no restrictions on the non-recurring use of 2000-01 Enrollment Growth and Retention Program funds for institutions that meet fall 2000 enrollment and retention goals.
2. Institutions that assign 2000-01 enrollment growth and retention funds to recurring activities should understand that the distribution of the 2001-02 appropriation will be based on meeting enrollment and retention goals in the fall of 2001.

B. Distribution of 2000-01 Funds

Enrollment growth and retention funds will be distributed after July 1, 2000. However, institutions that do not meet fall 2000 enrollment and retention goals must submit a plan showing how the funds will be used to support recruitment and retention efforts.

C. Distribution and Uses of 2001-02 Enrollment Growth and Retention Program Funds

It is anticipated that the 2001-02 Enrollment Growth and Retention Program Guidelines will be submitted to the Council no later than its January 2001 meeting. The distribution of 2001-02 funds will be based on meeting fall 2001 enrollment and retention goals.

***Undergraduate Enrollment
Fall Semester***

	<u>Actual</u>		<u>Goal</u>	
	<u>1998*</u>	<u>1999*</u>	<u>2000</u>	<u>2001</u>
Research Universities				
University of Kentucky	17,200	16,800	17,300	17,400
Lexington Community College	6,100	6,800	6,700	7,000
University of Louisville	14,600	14,700	14,500	14,400
Comprehensive Universities				
Eastern Kentucky University	13,500	13,300	13,800	14,100
Kentucky State University	2,200	2,300	2,300	2,400
Morehead State University	6,700	6,600	6,800	6,900
Murray State University	7,300	7,300	7,400	7,500
Northern Kentucky University	10,600	10,700	10,700	10,900
Western Kentucky University	12,700	12,900	13,000	13,200
KCTCS	45,500	46,000	47,300	48,800
Subtotal	136,400	137,400	139,800	142,600
Independent Institutions	24,200	24,100	24,200	24,700
Total Undergraduate Enrollment	160,600	161,500	164,000	167,300

* Rounded

Graduate/Professional Enrollment*
Fall Semester

	<u>Actual</u>		<u>Goal</u>	
	<u>1998**</u>	<u>1999**</u>	<u>2000</u>	<u>2001</u>
University of Kentucky	7,000	6,700	7,000	7,100
University of Louisville	6,100	6,000	6,200	6,300
Total Graduate/Professional Enrollment	13,100	12,700	13,200	13,400

* Excludes Postdoctoral Students

** Rounded

Retention Rates Fall Semester

	Actual		Goal	
	<u>1998*</u>	<u>1999*</u>	<u>2000</u>	<u>2001</u>
Research Universities				
University of Kentucky	80%	79%	80%	81%
Lexington Community College**	62	62	63	63
University of Louisville	71	69	72	73
Comprehensive Universities				
Eastern Kentucky University	63	61	64	65
Kentucky State University	57	71	58	59
Morehead State University	64	59	65	66
Murray State University	72	67	72	73
Northern Kentucky University	63	62	64	65
Western Kentucky University	68	67	68	69
KCTCS**	53	53	54	55

* Rounded. First-time freshmen in fall 1997 who were still enrolled in fall 1998, and first-time freshmen in fall 1998 who were still enrolled in fall 1999.

** Includes students who transferred to public universities.